

Message Text

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ACTION PM-05

INFO OCT-01 EUR-12 ISO-00 L-03 INR-10 SP-02 SS-15

COME-00 EB-08 /056 W

-----063297 270006Z /14

R 262327Z APR 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 0697

INFO SECDEF WASHDC

USCINCEUR

DEFENSE LOGISTICS AGENCY CAMERON STA ALEXANDRIA VA

DEFENSE FUEL SUPPLY CTR CAMERON STA ALEXANDRIA VA

DEFENSE FUEL SUPPLY REGION EUROPE VAIHINGEN GER

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 13628

USCINCEUR FOR ECJ4/7; DFSC FOR DFSC-D

E.O. 11652: GDS

TAGS: MMOL, MARR, FR

SUBJ: CONTRACTS FOR COMMERCIAL STORAGE OF BULK PETROLEUM
IN FRANCE

REF: 77 PARIS 23993 DTG 181803Z AUG 77

1. SUMMARY: THIS MESSAGE SETS FORTH STATUS OF THIS
SUBJECT AND TEXT OF DIPLOMATIC NOTE WE PROPOSE TO SEND
TO FOREIGN MINISTRY. ACTION REQUESTED: DEPARTMENT COM-
MENT, IF ANY, BY MAY 10. END SUMMARY.

2. REFTEL OUTLINED PROPOSAL THAT DEFENSE DEPARTMENT
REPS NEGOTIATE CONTRACTS FOR COMMERCIAL STORAGE OF
BULK PETROLEUM IN FRANCE. ON SEPTEMBER 29, 1977 WE
SENT DIPLOMATIC NOTE REQUESTING GOF AGREEMENT TO
INITIATION OF CONTRACT NEGOTIATIONS.

3. ON FEBRUARY 9, FOREIGN MINISTRY REPLIED AS
FOLLOWS:

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"THE MINISTRY OF FOREIGN AFFAIRS PRESENTS ITS
COMPLIMENTS TO THE EMBASSY OF THE UNITED STATES OF
AMERICA AND HAS THE HONOR TO RESPOND ITS NOTE NO. 180
OF 3 OCTOBER 1977 (SIC) REQUESTING THE AGREEMENT OF
THE GOVERNMENT OF FRANCE TO INITIATE NEGOTIATIONS
BETWEEN REPRESENTATIVES OF THE UNITED STATES DEPARTMENT
OF DEFENSE AND COMMERCIAL BULK PETROLEUM STORAGE FIRMS

IN FRANCE, LEADING TO A CONTRACT FOR THE STORAGE OF ABOUT 135,000 CUBIC METERS OF THIS PRODUCT IN THE SOUTH OF FRANCE.

"THE FRENCH AUTHORITIES HAVE NO OBJECTION AS TO THE PRINCIPLE OF THE STORAGE ENVISAGED. HOWEVER, AS THE EMBASSY KNOWS, THE COMMON RULE IN FRANCE FOR GRANTING ANY IMPORTANT LOGISTIC FACILITY TO ALLIED COUNTRIES INCLUDES THE OBLIGATION TO GO THROUGH THE INTERMEDIARY OF A FRENCH SERVICE, IN THIS CASE: THE 'MISSION CENTRALE DE LIAISON POUR L'ASSISTANCE AUX ARMEES ALLIEES.'

"THIS PROCEDURE WHICH IS CONSISTENT WITH THE PROVISIONS OF THE LONDON CONVENTION ON THE STATUS OF THE FORCES (IN PARTICULAR WITH THOSE OF ARTICLES IX AND XI) SHOULD ALSO BE APPLIED IN THE PRESENT CASE.

"IT IS ALSO SPECIFIED THAT THE PRODUCTS STORED SHOULD BE ACQUIRED ON THE FRENCH MARKET THROUGH THE FRENCH ADMINISTRATION ACCORDING TO A FINANCIAL PROCEDURE STILL TO BE DEFINED, GUARANTEEING THAT THE GOVERNMENT OF THE UNITED STATES WILL BENEFIT BY PREFERENTIAL TAX AND CUSTOMS CONDITIONS. LIKewise, STORAGE CONTRACTS AND MOVEMENTS OF PRODUCTS SHOULD BE MADE BY THE COMPETENT FRENCH SERVICES.

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"CONSEQUENTLY, THE MINISTRY OF FOREIGN AFFAIRS INVITES THE EMBASSY OF THE UNITED STATES OF AMERICA TO CONTACT DIRECTLY THE MISSION CENTRALE DE LIAISON POUR L'ASSISTANCE AUX ARMEES ALLIEES WHICH WILL BE RESPONSIBLE FOR CONCLUDING THE FRENCH-AMERICAN TECHNICAL ARRANGEMENT COVERING THE OPERATIONS ENVISAGED."

4. AFTER CONSULTING DFRE AND LEGAL OFFICE OF DAO HERE, WE PROPOSE TO REPLY TO THE FEBRUARY 9 NOTE AS FOLLOWS:

"THE EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS ITS COMPLIMENTS TO THE MINISTRY OF FOREIGN AFFAIRS AND HAS THE HONOR TO REFER TO THE LATTER'S NOTE NO. PA/DT OF FEBRUARY 9, 1978 AND THE EMBASSY'S NOTE NO. 180 OF SEPTEMBER 29, 1977. IN RESPONSE TO THE FOREIGN MINISTRY'S NOTE, WE MAKE THE FOLLOWING REPLY.

"THE AGREEMENT OF THE FRENCH AUTHORITIES TO THE PRINCIPLE OF OUR PROPOSAL TO STORE U.S. GOVERNMENT

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USCINCEUR

DEFENSE LOGISTICS AGENCY CAMERON STA ALEXANDRIA VA

DEFENSE FUEL SUPPLY CTR CAMERON STA ALEXANDRIA VA

DEFENSE FUEL SUPPLY REGION EUROPE VAIHINGEN GER

C O N F I D E N T I A L SECTION 02 OF 02 PARIS 13628

USCINCEUR FOR ECJ4/7; DFSC FOR DFSC-D

OWNED BULK PETROLEUM IN FRENCH COMMERCIAL STORAGE IS APPRECIATED. AS SUGGESTED IN THE FOREIGN MINISTRY'S NOTE, A MEETING TO DISCUSS THE U.S. PROPOSAL AND THE FOREIGN MINISTRY'S REPLY WAS HELD ON MARCH 14, 1978 WITH THE CHIEF OF THE MISSION CENTRALE DE LIAISON POUR L'ASSISTANCE AUX ARMEES ALLIEES (MCLAAA). U.S. AUTHORITIES WELCOME THE OPPORTUNITY TO PURSUE THIS MATTER WITH THE MCLAAA.

"THE UNITED STATES GOVERNMENT PREFERS TO CONTRACT DIRECTLY WITH SUPPLIERS AND WILL FURNISH THE FRENCH GOVERNMENT WHATEVER INFORMATION IS AGREED UPON IN DISCUSSIONS WITH THE MCLAAA.

"THERE IS NO OBJECTION ON THE PART OF THE UNITED STATES TO SERVICES ASSOCIATED WITH THE COMMERCIAL STORAGE BEING PERFORMED BY FRENCH COMPANIES.
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"WITH RESPECT TO THE SUGGESTION THAT THE PRODUCTS STORED IN COMMERCIAL STORAGE SHOULD BE ACQUIRED ON THE FRENCH MARKET THROUGH THE FRENCH ADMINISTRATION, U.S. DEFENSE DEPARTMENT PROCUREMENT REGULATIONS REQUIRE THAT OFFERS BE SOLICITED FOR BULK PETROLEUM FROM ALL RESPONSIBLE SUPPLIERS WORLDWIDE AND THAT BEST OFFER BE ACCEPTED. THE EMBASSY ASSURES THE FOREIGN MINISTRY THAT SUPPLIERS LOCATED IN FRANCE WILL BE SOLICITED FOR SUCH AN OFFER."

5. ACTION REQUESTED: DEPARTMENT COMMENT, IF ANY,
BY MAY 10.
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